GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:942
ANSWERED ON:19.07.2002
BANK FRAUDS
NARESH KUMAR PUGLIA

Will the Minister of FINANCE be pleased to state:

(a) whether the expert Committee on legal aspects of bank frauds has recommended the setting up of a separate investigation bureau to look into all cases of financial fraud;

(b) if so, the details of the recommendations/ observations made by the Committee; and

(c) the reaction of the Government thereon?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ANANT G. GEETE)

(a):- Yes, Sir. For this purpose the Committee has recommended the setting up of the Office of the Director for Investigation of Serious Financial Frauds and a Multidisciplinary body under his Chairmanship.

(b) & (c):- The recommendations of the Expert Committee consists of two parts - Part I dealing with in-house preventive measures which could be implemented without any legislative changes and Part II - prohibitive aspects requiring legislative changes for their implementation. The report was first examined by an in-house group in RBI. As per the directions of the Board for Financial Supervision the report was forwarded to the CVC for examination by the High Level Group set up by it to look into bank frauds. The high level group while generally agreeing with the recommendations of the Expert Committee under part I indicated that recommendations under Part II required further examination which are under examination of the High Level Group of the CVC. The recommendations of the Expert Committee under Part I were forwarded to the banks for implementation vide RBI circular dated May 3, 2002.